

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 SS-15 NSC-05 INR-07 CIAE-00
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DRAFTED BY EB/IFD/OMA:CHERVIN/PO'CONNELL

APPROVED BY EUR/WE/EROWELL

TREASURY:DSYVRUD

EUR/WE:KSMITH

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON PRIORITY

INFO AMEMBASSY LISBON

C O N F I D E N T I A L STATE 282015

E.O. 11652: GDS

TAGS: EFIN, PO, UK

SUBJECT: FINANCIAL ASSISTANCE FOR PORTUGAL

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REF: LONDON 18857, LISBON 8890

1. NEGOTIATIONS ARE EXPECTED TO BEGIN SOON BETWEEN THE U.S. AND PORTUGAL ON THE \$300 MILLION BALANCE OF PAYMENTS LOAN. NO DATE HAS YET BEEN SET FOR DISBURSEMENT OF THE FIRST TRANCHE OF \$200 MILLION.

2. AS U.K. IS AWARE, THE LANGUAGE OF THE PROPOSED U.S. LOAN AGREEMENT PROVIDES FOR AN INITIAL DISBURSEMENT OF \$200 MILLION TO PORTUGAL UPON RECEIPT OF A LETTER FROM THE IMF MANAGING DIRECTOR INDICATING THAT IN HIS OPINION PORTUGAL IS NEGOTIATING "IN GOOD FAITH" FOR A SECOND CREDIT TRANCHE DRAWING. WE ARE TAKING CARE NOT TO DISRUPT

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EFFORTS TO REACH AN AGREEMENT ON THE SECOND CREDIT TRANCHE.

3. THE IMF NEGOTIATING TEAM HAS TOLD US THAT THEY HAVE REACHED TECHNICAL AGREEMENT WITH PORTUGAL ON THE MAJOR AREAS OF PERFORMANCE FOR A SECOND CREDIT TRANCHE PROGRAM, AND THAT AS SOON AS POLITICAL CONSENSUS IS REACHED IN PORTUGAL THE IMF TEAM WILL RETURN TO NEGOTIATE THE SPECIFIC

PERFORMANCE COMMITMENTS. OUR UNDERSTANDING IS THAT THE

MANAGING DIRECTORS MAY BE PREPARED TO INDICATE THAT NEGOTIATIONS IN GOOD FAITH ARE PROCEEDING FOLLOWING THE TEAM'S RETURN TO PARIS. THE ANTICIPATED DATE OF RETURN IS DECEMBER 5. ADDITIONAL INFORMATION ON IMF NEGOTIATIONS WILL BE FORWARDED FYI SEPTEL. VANCE

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, FOREIGN ASSISTANCE, NEGOTIATIONS, BALANCE OF PAYMENTS, LOANS
Control Number: n/a
Copy: SINGLE
Sent Date: 25-Nov-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: CHERVIN/PO\CONNELL
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Format: TEL
From: STATE
Handling Restrictions: n/a
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Original Classification: CONFIDENTIAL
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Original Previous Classification: n/a
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Review Content Flags:
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